

Life Cycle Certification

Regional Transportation Plan

Freeway Program

July 31, 2006



Arizona

Department of Transportation

Certification of revenue and construction costs for the

Regional Transportation Plan Freeway Program July 31, 2006



A handwritten signature in blue ink, which appears to read "Victor M. Mendez", is positioned above a horizontal line.

**Victor M. Mendez, Director
Arizona Department of Transportation**

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INTRODUCTION AND HISTORY

This semi-annual Regional Transportation Plan Freeway Program (RTPFP) Life Cycle Certification report is prepared in compliance with the 1991 Performance Audit of the Maricopa Association of Governments (MAG) Regional Freeway Program. The Arizona Department of Transportation (ADOT) will continue to produce semi-annual Certification report for the Regional Transportation Plan Freeway Program. The report is designed to review the progress of the RTPFP and identify the projections and changes in program revenues and costs.

The RTPFP is funded by three primary revenue sources: extension of the Maricopa County transportation excise tax (often referred to as the one-half cent sales tax or Regional Area Road Funds), the Arizona Department of Transportation's (ADOT) funds dedicated to Maricopa County and federal funds.

Per ARS 42-6105.E, 56.2 percent of all sales tax collections will be distributed to freeways and state highways; 10.5 percent will be distributed to arterial street improvements; and 33.3 percent will be distributed to the public transportation fund.

The RTPFP Life Cycle Program includes both new facilities and improvements to the existing system. Operation and maintenance of the system are also addressed. Projects include new freeway corridors, additional lanes on existing facilities, new interchanges at arterial cross streets, high occupancy vehicle ramps at system interchanges, noise mitigation and maintenance and operations programs.

The concept of a Life Cycle Program refers to a programming approach that forecasts and allocates funds through the full life of a major funding source. The Life Cycle Program covers the project program through fiscal year 2026, and reflects a fiscal balance between anticipated revenues and expenditures. The Life Cycle Program provides the necessary management tools to ensure both ADOT and MAG maintain realistic planning and construction schedules, predicated upon funding, and provide periodic reports to the public and other governmental agencies.

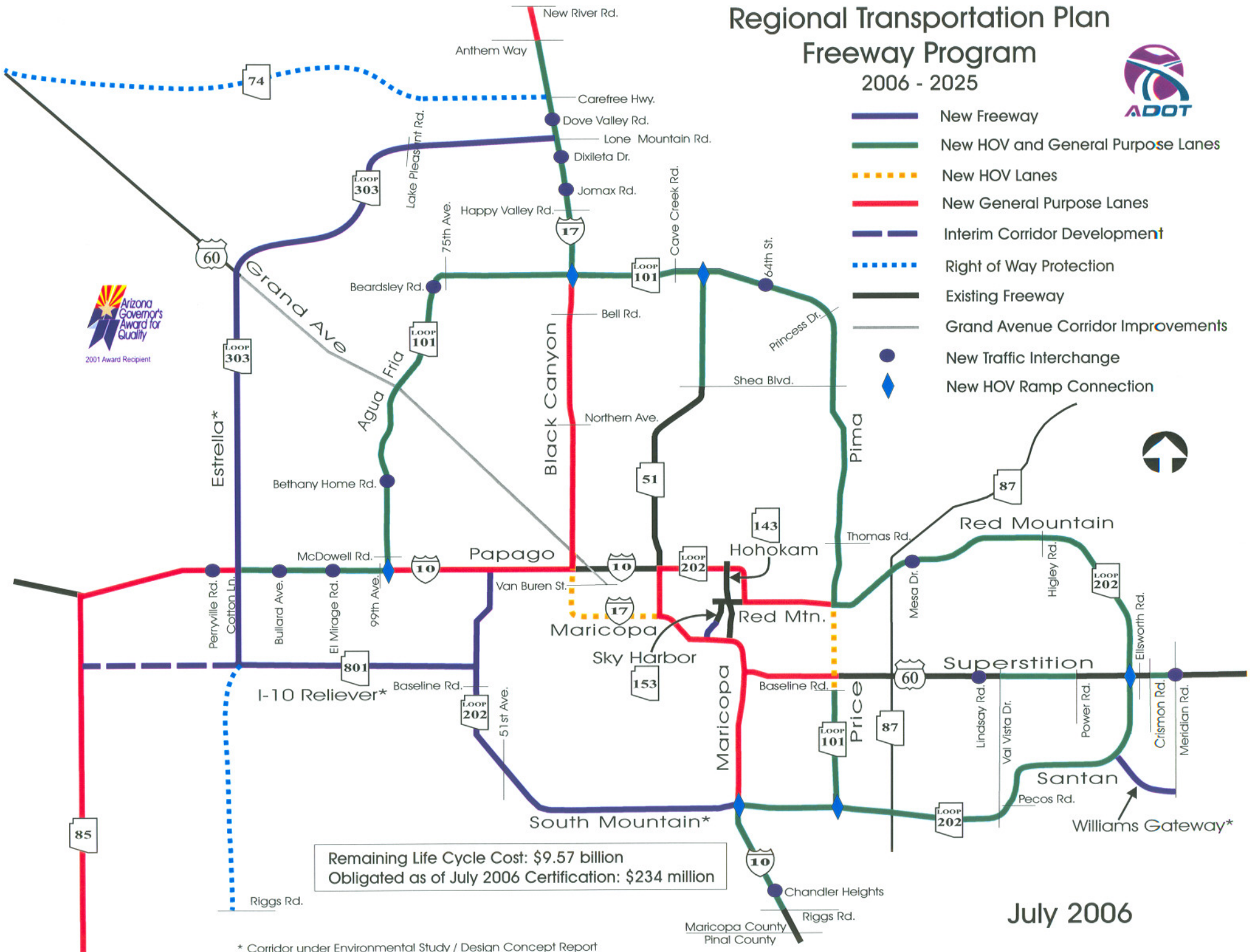
Arizona House Bill 2292, which was passed in the Spring 2003 session of the Arizona Legislature, established the Transportation Policy Committee which was tasked with developing a Regional Transportation Plan for Maricopa County, and established the process for an election to extend the current ½ cent County Transportation Excise Tax. The Regional Transportation Plan includes both new freeway corridors to serve growth in the region and improvements to the existing system to reduce current and future congestion. The Regional Transportation Plan also addresses quality of life issues such as noise mitigation, maintenance, litter control and landscaping. The Regional Transportation Plan has three major components: Freeways/Highways, Transit and Arterial Roads.

Regional Transportation Plan Freeway Program

2006 - 2025



- New Freeway
- New HOV and General Purpose Lanes
- - - New HOV Lanes
- New General Purpose Lanes
- - - Interim Corridor Development
- . - . Right of Way Protection
- Existing Freeway
- Grand Avenue Corridor Improvements
- New Traffic Interchange
- ◆ New HOV Ramp Connection



Remaining Life Cycle Cost: \$9.57 billion
Obligated as of July 2006 Certification: \$234 million

July 2006

* Corridor under Environmental Study / Design Concept Report



On November 2, 2004, voters in Maricopa County approved Proposition 400 to extend the existing half-cent Sales Tax for transportation for an additional twenty years to 2026. The current tax expired December 31, 2005. The extension began January 1, 2006.

The FY 2007-2011 RTP Freeway Program incorporated locally accelerated projects:

I-10, Sarival Rd. – Agua Fria Freeway (SR202L): Advanced from FY 2011/14 to FY 2008/09.

I-17, Dove Valley Rd. TI: Advanced from FY 2022 to FY 2007.

A key management tool used for the Life Cycle Program is the development of certified revenues and costs. Certification involves the preparation of reliable cost estimates for the entire MAG system, as well as a forecast of revenues available to fund the system. The costs and revenues are reviewed and certified by ADOT every six months.

This certification of information pertaining to the Regional Transportation Plan Freeway Program constitutes the official position of ADOT and is used for all planning and programming purposes. It enhances the information flow to MAG and the public on a periodic basis and allows ADOT to make program adjustments as necessary.

EXECUTIVE SUMMARY

The Director of the Arizona Department of Transportation has certified the MAG Area Life Cycle Program of the Regional Transportation Plan Freeway Program (RTPFP) effective July 31, 2006. This certification of the MAG Area Life Cycle Program incorporates the Adopted FY 2007 – 2011 Regional Transportation Plan Freeway Program.

Revenue forecasts and construction cost estimates are based on a cutoff date of May 31, 2006.

Major Milestones since Last Certification

- ❑ SR85 from Southern Ave. to I-10 utility construction project was advertised in April 2006.
- ❑ The Black Canyon Freeway (I-17) from 16th St. to Buckeye Rd. screen wall construction project was advertised in April 2006.
- ❑ The Maricopa Freeway (I-10) at Ray Rd. TI improvement project was advertised in May 2006 and awarded in July 2006.
- ❑ The Agua Fria Freeway (SR101L) at Bethany Home Rd., north half TI construction project was advertised in May 2006 and awarded in July 2006.
- ❑ Quiet Pavement VII (I-10, Dysart Rd. – 67th Ave.) project was advertised in June 2006.

Program Changes

The following changes to the Tentative FY 2007 – 2011 Regional Transportation Plan Freeway Program have been included in the new program.

- ❑ Incorporated locally accelerated projects.
- ❑ Combined two projects into one project for construction efficiency.
- ❑ Separated design and R/W projects.
- ❑ Updated design, R/W and construction costs based on latest estimates.
- ❑ Minor project name changes to reflect proper project limits.
- ❑ Repackaged SR85 corridor projects.
- ❑ Updated schedule to reflect current schedule.
- ❑ Repackaged Freeway Management System (FMS) projects based on the latest FMS plan.

- ❑ Updated Asphalt Rubber Noise Mitigation projects.
- ❑ Created new landscape projects.
- ❑ Deferred two TI projects to FY 2007 from FY 2006.

Revenues

Net funds available through year 2025 for the RTP Freeway Program show an increase of 15.8 million from the previous Certification. Details are presented in the “Revenue Projections” section, page 8.

Program Costs

Obligations for the RTP Freeway Program totaled \$234 million. The remaining cost to complete the RTP Freeway Program totaled \$9.57 billion.

Design Concepts and Environmental Studies

An Environmental Impact Statement (EIS) / Design Concept Report (DCR) is underway for the South Mountain Freeway Corridor (SR202L).

An Environmental Document (ED) / Design Concept Report is underway for the Estrella Corridor (SR303L) between Happy Valley Rd. and I-17.

A DCR/ED is underway for the Red Mountain Freeway Corridor (SR202L) between SR51 and Pima Freeway (SR101L).

A DCR/ED is underway for the Red Mountain Freeway Corridor (SR202L) between Pima Freeway (SR101L) and Gilbert Rd.

A DCR/ED is underway for the I-10 between SR85 and Agua Fria Freeway (SR101L).

A DCR/ED is underway for the I-10 between SR51 and Santan Freeway (SR202L).

A DCR/ED is underway for the I-10 Reliever (SR801) between SR85 and South Mountain Freeway (SR202L).

A DCR/ED is underway for the Grand Avenue (US60) between Estrella (SR303L) and Agua Fria Freeway (SR101L).

A DCR/ED is underway for the Estrella Corridor (SR303L) between I-10 Reliever (SR801) and I-10.

Corridor Definition Study is underway for the Williams Gateway Freeway.

Program Trends

This certification confirms that the revenues and costs are in balance. However, there are other economic trends that the Department will continue to monitor.

During fiscal year 2006, growth of the Transportation Excise Tax Revenues has been significantly stronger compared to average growth over the past three years and was 8 percent higher than the projection for the fiscal year. This is primarily due to the overall strength of the economy in Maricopa County.

FY 2006 construction bids for Regional Transportation Plan Freeway Program projects were 25 percent to 30 percent higher than program estimates. In part, these higher project costs indicate substantial increased costs for construction materials and with bids reflecting the higher risk associated with uncertainties related to commodity prices and availability. Furthermore, substantial increases in real estate values have also affected right of way costs. ADOT will continue to monitor market conditions and costs throughout fiscal year 2007 to determine if higher construction and right of way costs are short-term in nature or reflect general long-term trends.

The Department has initiated comprehensive engineering and financial evaluation of cost estimates for the Regional Transportation Program's Five Year Construction Program to further evaluate the impacts of higher construction and commodity costs. Coordination meetings between ADOT, contractors and suppliers to identify and quantify international, national and local market factors and their influence on the local economy are underway and will continue to provide direct and current input to the Department.

ADOT also is updating cost estimates for the RTP Freeway Program based upon the results of design and scoping studies currently underway. The information from this work will be incorporated into ADOT's cost estimates as they become available.

ADOT will monitor and review these trends closely and will continue assessing the potential financial impact to the program.



Janet Napolitano
Governor

Victor M. Mendez
Director

Arizona Department of Transportation

Transportation Services Group

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

John A. Bogert
Chief of Staff

LETTER OF CERTIFICATION

The Financial Management Services Office of the Arizona Department of Transportation (ADOT) has developed the following information describing the estimated funds available for construction of the Regional Transportation Plan Freeway Program from Fiscal Year 2006 through Fiscal Year 2026. This information updates certain information previously certified on January 31, 2006.

This information is intended primarily for internal planning purposes and requires reliance upon a variety of data and information sources. The revenue forecasts rely upon assumptions regarding future economic conditions and on forecasts of certain independent economic variables. These assumptions may or may not prove to be accurate. If the assumptions do not prove accurate, differences between forecast and actual results may occur.

We believe the results contained herein represent a realistic forecast of Maricopa County transportation excise tax revenues, MAG share of the ADOT funds and other available monies for the period described above and so certify. However, the Department will continue its practice of reviewing and updating the forecasts as needed on a semi-annual basis.



John E. McGee
Chief Financial Officer

July 31, 2006
Date



2001 Award Recipient

FINANCIAL ASSUMPTIONS

Following are the assumptions made in estimating revenues available for the Regional Transportation Plan Freeway Program.

Bond Proceeds and Debt Service: The issuance of bonds secured by RARF and HURF revenues are assumed. Interest on the bond issues is assumed to be 5.0 % maximum. Bond maturities are assumed for up to 20 years. Bonds are amortized on a level debt service basis, and assume no refinancing or restructuring. No additional bonds secured by federal aid revenues are assumed.

Transportation Excise Tax: The forecast was developed during the September 2005 Risk Analysis session. Authority for and collection of the Proposition 300 transportation excise tax ended on December 31, 2005. The ½ Cent Sales Tax extension approved through Proposition 400 went into affect on January 1, 2006. Per ARS 42-6105.E, 56.2 percent of all sales tax collections will be distributed to freeways and state highways; 10.5 percent will be distributed to arterial street improvements; and 33.3 percent will be distributed to the public transportation fund.

ADOT Discretionary Funds, 37%: A 37 percent share of ADOT Discretionary Funds is programmed for the MAG Region.

Highway User Revenue Fund (HURF), 15%: The MAG area receives annual funding in the form of ADOT 15 percent funds, which are allocated from the Highway User Revenue Fund. These funds are spent for improvements on controlled access routes on the State Highway System.

Federal Aid: Federal Aid includes STP and CMAQ funds. The Federal Aid forecast assumes an annual average of \$34.1 million (until FY 2015) of MAG sub-allocated federal funds will be dedicated to the RTP Freeway Program.

Interest Income: Assumes a 3.0% investment rate with 95% invested. Interest income is dependent on prior month's average cash balance.

Third Party Billing: Represents local funds and State federal funds for programmed projects.

Other Income: Includes building rent, sales of excess property and other miscellaneous income.

Discount Factor: Base year is FY 2006. An annual inflation factor is applied to the costs based on estimated construction and right of way cash flows. See Appendix A.

Additional assumptions regarding the funding from ½ Cent Sales Tax Extension include the following principles:

- Firewalls are established so funding cannot be transferred from one category to another.
- Bond proceeds will only be used for capital costs and not for maintenance or operation expenses.
- Consistent with the “firewall” principle, bonding for each funding category will be done independently.

Revenue Sources and Uses

The following pie chart depicts the sources and uses of Regional Transportation Plan Freeway Program revenues. The sources consist of the transportation excise tax (1/2 cent sales tax), ADOT Funds and various other revenues. The transportation excise tax makes up 48 percent of the total revenues, with ADOT Funds reflecting 48 percent and the remaining 4 percent consisting of various other funding sources, primarily federal aid.

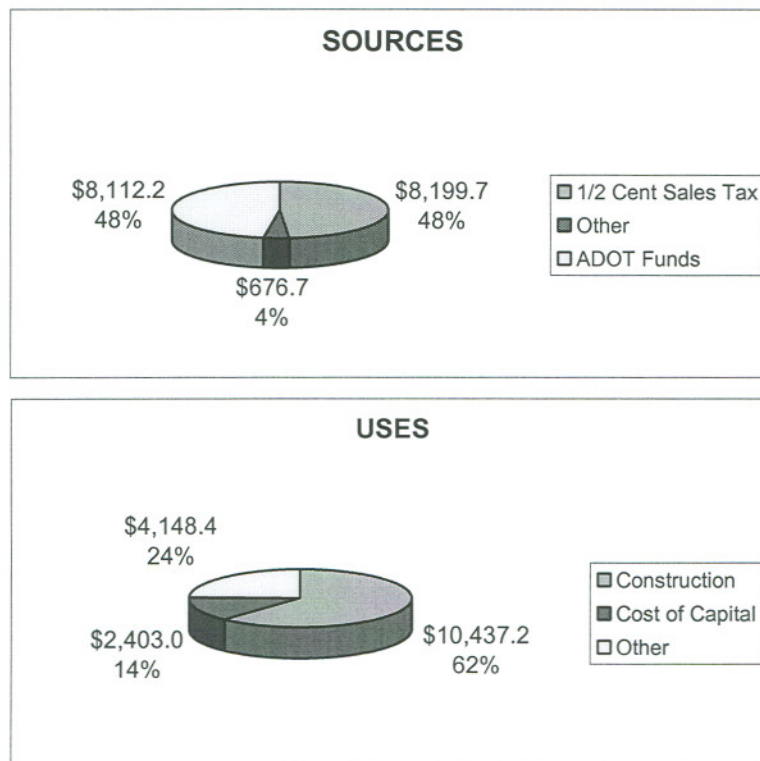
Of the available funding, 62 percent is used for design, right of way and construction. Of the remainder, 14 percent is used for cost of capital and 24 percent is used for a discount factor and Regional Public Transit Authority (RPTA) transfers.

Certified Financial Plan

Fiscal Years 2006 – 2026

(dollars in millions)

Total Sources/Uses : \$16,988.6



* Construction includes design, right of way and construction

Net Revenues

The following chart reflects a breakdown of the individual revenues and costs for the Regional Transportation Plan Freeway Program.

REVENUES	January 2006	July 2006	Change
1/2 Cent Sales Tax	\$8,178.4	\$8,199.7	\$21.3
Highway User Revenues	\$2,623.5	\$2,629.1	\$5.6
Federal Aid /1	\$590.4	\$570.1	(20.3)
MAG 37% Dedicated	\$5,124.7	\$5,241.1	\$116.4
State Discretionary /2	\$241.9	\$242.0	\$0.1
3rd Party	\$16.4	\$31.2	\$14.8
Interest Income /3	\$18.9	\$37.5	\$18.6
Other Income	\$39.6	\$37.9	(1.7)
Subtotal: Revenues	\$16,833.8	\$16,988.6	\$154.8
EXPENDITURES			
Cost of Capital /4	(\$2,279.1)	(\$2,403.0)	(\$123.9)
Discount Factor /5	(\$3,908.3)	(\$3,906.0)	\$2.3
RPTA Transfer	(\$221.8)	(\$221.8)	\$0.0
Other Costs	(\$3.2)	(\$20.6)	(\$17.4)
Subtotal: Costs	(\$6,412.4)	(\$6,551.4)	(\$139.0)
Net Funds Available	\$10,421.4	\$10,437.2	\$15.8

Notes: Details may not add due to rounding. Dollars in millions.

/1 Includes STP and CMAQ.

/2 Includes Dedicated Highway, Discretionary transfer to Grand Ave, Bethany Home Rd and Wickenburg Bypass.

/3 Interest income is on a cash basis and assumes a 3% rate with 95% invested. Interest income is dependent on fund balances.

/4 Includes estimated RARF, HURF, GAN interest expense and debt service fund interest earned.

/5 Discount Factor represents conversion of construction program from inflated to current dollars.

Freeway Construction Costs and Changes

The design and construction cost estimates for the Regional Transportation Plan Freeway Program (RTPFP) projects are thoroughly reviewed and updated by three management consultants, DMJM Harris, HDR and PBQD for the RTP Freeway Program. Three management consultants continually review and evaluate design and construction cost estimates. Three management consultants also provide preliminary engineering services by developing Stage I (15%) and Stage II (30%) project documents for the RTPFP. This effort helps define design and right of way requirements allowing ADOT to establish better cost estimates for design, right of way, utility relocations and construction. They further monitor the design consultants' cost estimates through the remaining design phases including the final estimates. Three management consultants also evaluate contractor bids for RTPFP construction projects to constantly monitor construction unit cost trends, such as the cost of concrete, asphalt, structures, drainage and other items used to establish project cost estimates.

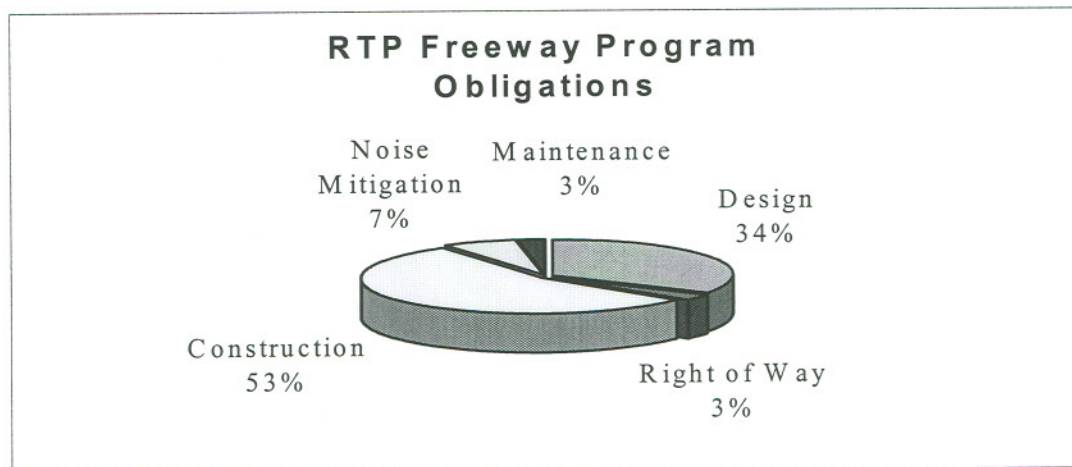
The revenue forecast was developed during the September 2005 Risk Analysis Process. Panel members from various segments of the real estate and economic community were invited to discuss future risks and trends in revenues. The consultant updated construction cost forecast models and utilized the panel input to calculate discount factors. The consultant, ADOT Financial Management services, MAG and Regional Freeway System office reviewed the discount factors and made adjustments to fit current cost trends. The information collected was used in the Risk Analysis Process to ensure that ADOT has sufficient resources to complete the RTPFP Life Cycle Program by projecting the rate of construction cost growth for the Life Cycle period (See Appendix A for Discount Factors).

Obligations

Obligations by phase and corridor are listed in the table below. These figures are through May 31, 2006. Regional Transportation Plan Freeway Program (RTPFP) obligated \$234 million.

Regional Transportation Plan Freeway Program Obligations Through May 31, 2006 (dollars in millions)

Corridor	Design	Right of Way	Construction	Noise Mitigation	R/W Protection	Maintenance	Total
I-10, Papago & Maricopa	\$6.0	\$0.0	\$8.1	\$0.0	\$0.0	\$0.0	\$14.1
I-10 Reliever (SR801)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
I-17, Black Canyon	\$7.7	\$0.0	\$6.8	\$0.0	\$0.0	\$0.0	\$14.5
SR51	\$3.5	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$3.5
US60, Grand Ave	\$0.5	\$0.0	\$6.1	\$0.0	\$0.0	\$0.0	\$6.6
US60, Superstition	\$0.1	\$0.0	\$85.7	\$0.0	\$0.0	\$0.0	\$85.8
SR74, Carefree	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
SR85	\$5.0	\$0.0	\$3.4	\$0.0	\$0.0	\$0.0	\$8.4
SR87, Beeline	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
SR88, Apache Trail	\$0.2	\$0.0	\$0.2	\$0.0	\$0.0	\$0.0	\$0.4
US93	\$0.0	\$3.5	\$0.0	\$0.0	\$0.0	\$0.0	\$3.5
101L, Agua Fria	\$0.5	\$0.0	\$15.2	\$0.0	\$0.0	\$0.0	\$15.7
101L, Pima	\$6.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.0
101L, Price	\$2.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.0
SR153, Sky Harbor	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
202L, Red Mountain	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
202L, Santan	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
202L, South Mountain	\$2.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$2.0
303L, Estrella	\$20.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$20.0
Williams Gateway	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Systemwide	\$25.2	\$2.9	\$1.9	\$15.8	\$0.0	\$6.0	\$51.8
TOTAL	\$78.7	\$6.4	\$127.4	\$15.8	\$0.0	\$6.0	\$234.3



Remaining System Costs

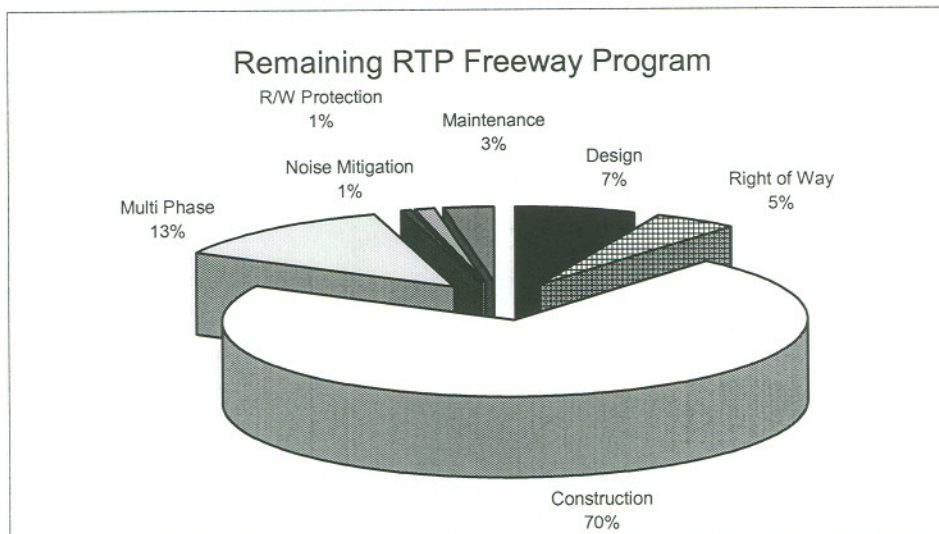
There remain \$9.57 billion of costs associated with the Regional Transportation Plan Freeway Program (RTPFP) in the July 2006 Certification.

Regional Transportation Plan Freeway Program (dollars in millions)

Regional Transportation Plan Freeway Program								
Corridor	Design	Right of Way	Construction	Multi Phase*	Noise Mitigation	R/W Protection	Maintenance	Total
I-10, Papago & Maricopa	\$61.5	\$35.0	\$930.0	\$5.5	\$0.0	\$0.0	\$0.0	\$1,032.0
I-10 Reliever (SR801)	\$0.0	\$69.0	\$464.0	\$271.0	\$0.0	\$0.0	\$0.0	\$804.0
I-17, Black Canyon	\$23.4	\$7.8	\$1,074.3	\$370.0	\$0.0	\$0.0	\$0.0	\$1,475.5
SR51	\$4.2	\$0.0	\$110.4	\$0.0	\$0.0	\$0.0	\$0.0	\$114.6
US60, Grand Ave	\$8.1	\$0.0	\$203.1	\$34.0	\$0.0	\$0.0	\$0.0	\$245.2
US60, Superstition	\$4.5	\$0.0	\$49.5	\$0.0	\$0.0	\$0.0	\$0.0	\$54.0
SR74, Carefree	\$0.0	\$0.0	\$4.0	\$0.0	\$0.0	\$48.0	\$0.0	\$52.0
SR85	\$0.0	\$0.0	\$124.3	\$36.1	\$0.0	\$0.0	\$0.0	\$160.4
SR87, Beeline	\$0.0	\$0.4	\$18.0	\$0.0	\$0.0	\$0.0	\$0.0	\$18.4
SR88, Apache Trail	\$0.0	\$0.0	\$1.5	\$0.0	\$0.0	\$0.0	\$0.0	\$1.5
US93	\$0.0	\$0.0	\$29.0	\$0.0	\$0.0	\$0.0	\$0.0	\$29.0
101L, Agua Fria	\$44.7	\$0.0	\$444.3	\$0.0	\$0.0	\$0.0	\$0.0	\$489.0
101L, Pima	\$23.7	\$0.0	\$364.0	\$15.0	\$0.0	\$0.0	\$0.0	\$402.7
101L, Price	\$7.5	\$0.0	\$95.0	\$0.0	\$0.0	\$0.0	\$0.0	\$102.5
SR153, Sky Harbor	\$0.1	\$0.0	\$16.6	\$0.0	\$0.0	\$0.0	\$0.0	\$16.7
202L, Red Mountain	\$34.2	\$0.0	\$385.5	\$0.0	\$0.0	\$0.0	\$0.0	\$419.7
202L, Santan	\$32.1	\$0.0	\$342.4	\$0.0	\$0.0	\$0.0	\$0.0	\$374.5
202L, South Mountain	\$11.3	\$160.0	\$767.0	\$128.0	\$0.0	\$0.0	\$0.0	\$1,066.3
303L, Estrella	\$38.0	\$47.0	\$1,180.0	\$130.0	\$0.0	\$52.0	\$0.0	\$1,447.0
Williams Gateway	\$10.0	\$8.0	\$203.0	\$110.0	\$0.0	\$0.0	\$0.0	\$331.0
Systemwide	\$343.4	\$129.0	\$14.8	\$115.9	\$59.2	\$0.0	\$273.0	\$935.3
TOTAL	\$646.7	\$456.2	\$6,820.7	\$1,215.5	\$59.2	\$100.0	\$273.0	\$9,571.3

* Multi Phase: Includes more than one phase (For example, project described as "Design and R/W" or "Design and Construction" etc.).

- Notes: 1. R/W Protection priorities to be determined.
2. Freeway Management System funding has been distributed to individual corridors or to Systemwide program.



Right of Way

As of June 1, 2006, the Right of Way Group acquired 8 parcels, totaling 20.4 acres for the RTP Freeway Program.

RTP Freeway Program Right of Way (acres)

Corridor	Acquired R/W
I-10, Papago & Maricopa	0.4
I-10 Reliever (SR801)	0.0
I-17, Black Canyon	4.9
SR51	0.0
US60, Grand Ave.	0.0
US60, Superstition	0.0
SR74, Carefree	0.0
SR85	0.3
SR87, Beeline	0.0
SR88, Apache Trail	0.0
US93	12.7
101L, Agua Fria	0.0
101L, Pima	0.0
101L, Price	0.0
SR153, Sky Harbor	0.0
202L, Red Mountain	0.0
202L, Santan	0.0
202L, South Mountain	2.1
303L, Estrella	0.0
Williams Gateway	0.0
Systemwide	0.0
Total	20.4



Janet Napolitano
Governor

Victor M. Mendez
Director

Arizona Department of Transportation

Intermodal Transportation Division

206 South Seventeenth Avenue Phoenix, Arizona 85007

Sam Elters
State Engineer

LETTER OF CERTIFICATION

The Intermodal Transportation Division of the Arizona Department of Transportation (ADOT) has completed a six month review and update of costs associated with construction of the Regional Transportation Plan (RTP) Freeway Program. Construction and design costs have been updated by our Valley Project Management Group; DMJM Harris, HDR and PBQD, our three management consultants; and the consultants currently preparing final construction plans. Right of way costs have been updated by the ADOT Right of Way Group reflecting current appraisals and changes in right of way requirements. This information replaces data previously certified on January 31, 2006.

The construction and right of way cost data in this document provides an accurate accounting of costs incurred and includes a realistic estimate of future costs based upon current construction costs and real estate values. Estimated future costs are subject to changes in the economy and are affected by variables in national, state and localized market values and trends.

The results of our review provide an accurate basis upon which to schedule and fund the balance of the freeway construction program for Fiscal Years 2007-2011. Today, the Regional Transportation Plan Freeway Program continues to be on schedule and within budget. However, the Department will continue to monitor all trends.

Sam Elters
Sam Elters
State Engineer

7/27/06
Date



Appendix A

Discount factors representing the rate of construction cost growth are calculated using software developed by HDR - Hickling, Lewis and Brod Inc. Data from the September 2005 Risk Analysis Process (RAP) for construction was utilized to compute factors for design and construction. These factors represent potential cost growth which includes general inflation.

Cash Flow Discount Factors (percent)

For Design & Construction

For Right of Way

Fiscal Year	Design & Construction	Fiscal Year	Right of Way
2007	3.0	2007	3.0
2008	6.0	2008	6.0
2009	3.0	2009	3.0
2010	3.0	2010	3.0
2011	3.0	2011	3.0